

15 October 2021

Call for Evidence on the European Commission Mandate on Certain Aspects relating to Retail Investor Protection

Background

In its Capital Markets Action Plan, the European Commission announced its intention to publish a strategy for retail investments in Europe in the first half of 2022. As part of its evidence gathering, the Commission launched in May 2021 an extensive three-month public consultation covering a wide array of matters relating to retail investor protection.

On 27 July 2021, the Commission sent a request for advice to ESMA requesting ESMA to assist the Commission in the preparation of legislative proposals implementing aspects of the retail investment strategy. In particular, the Commission invited ESMA to provide advice on several focused areas including:

- Disclosures - identification of any significant overlaps, gaps, redundancies and inconsistencies across investor protection legislation that might have a detrimental effect on investors (i.e. which might confuse or hamper decision-making or comparability) in addition to those already identified and addressed by the recent PRIIPs level 2 work, how the different legal frameworks fit together and options as to how to remedy any identified shortcomings. ESMA was also invited to reflect on how the rules work from a retail investor perspective, in particular on whether they ensure that consumers can make informed choices, avoid information overload and overly complex information while ensuring investor protection.
- Digital disclosures - an assessment of how regulatory disclosures and communications can work best for consumers in a digital, and in particular smartphone, age, and proposed options as to how existing rules might be adapted, such as allowing layered information.
- Digital tools and channels - an assessment of both risks and opportunities with respect to retail investing stemming from both the increasing availability of digital tools and the increasing levels of direct investor participation, in particular via online trading platforms and robo-advisors.

ESMA was invited to reflect on the appropriateness of the current regulatory requirements, with a focus on the efficiency of safeguards such as best execution requirements and risk warnings provided to clients (e.g., as in the GameStop case). ESMA was, in addition, invited to explore whether and how far value chains should be 'opened' up by the sharing of specific investor data amongst investment firms and third-party providers, and how far new markets for services, such as advice via platforms, might be expected to develop, bearing in mind,

on the one hand, the need to protect investor rights, but also to bring down cost and allow for innovation in products and services.

Therefore, ESMA has decided to launch this [Call for Evidence](#) with a view to gather qualitative/quantitative information from stakeholders on the topics that are covered by the Commission's request for advice. ESMA will consider the responses it receives to this Call for evidence and will finalise the draft technical advice for submission to the Commission.

Next Step

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. ESMA will consider all comments received by **2 January 2022**.

Interested parties are requested to submit their contributions online at <https://www.esma.europa.eu/> under the heading 'Your input - Consultations'.

We appreciate that any feedback sent to ESMA will also be sent to the Conduct Supervision Investments Team on csuinvestments@mfsa.mt.